

KANSAS RACING AND GAMING COMMISSION

MINUTES – FEBRUARY 14, 2020

CALL TO ORDER (A.)

Chairman Brandon Jones called the February 14, 2020 meeting to order at 10:00 a.m. The meeting was held in the East Tower Conference Room of the Eisenhower State Office Building, 700 SW Harrison, in Topeka, KS. Commissioners David Moses, Kelly Kultala, Larry Turnquist, and Dave Myres were also present. Others present included Executive Director Don Brownlee, General Counsel Judith Taylor, Director of Electronic Security and I.T. Dennis Bachman, Director of Electronic Gaming Roger Bailey, Director of Security Joe Herridge, Enforcement Attorney Michelle Neis sitting in for Recording Secretary Sarah Lynch-Chaput, and other staff.

MOTION, APPROVE AGENDA (B.)

Commissioner Turnquist (Myres) moved to approve the agenda. Motion carried unanimously.

MOTION, APPROVE DECEMBER 13, 2019 MEETING MINUTES (C.1.)

Commissioner Kultala (Turnquist) moved to approve the minutes of the December 13, 2019 meeting. Motion carried unanimously.

MOTION, APPROVE CONSENT AGENDA (D.)

Commissioner Turnquist (Myres) moved to approve the consent agenda. Motion carried unanimously.

LOTTERY GAMING FACILITY REPORTS/ITEMS; BOOT HILL CASINO & RESORT (E.1.a.)

Diane Giardine, General Manager, reported:

- December 2019 revenue numbers compared to December 2018:
 - Total gaming revenue decreased 10.13%
 - Total slot revenue decreased 9.45%
 - Table games revenue decreased 15.84%
- January 2020 revenue numbers compared to January 2019:
 - Total gaming revenue increased 6.66%
 - Total slot revenue increased 1.13%
 - Table games revenue increased 65.42%
- Past Promotions and Events:
 - Earn & Eat Mondays
 - Points for Pasta
 - Taco Tuesdays

- \$5 Burger Wednesdays
- Earn and Win Amazon Gift Cards
- Comp Point Multipliers
- Free and Earn and Win Gift Promotions
- \$10,000 Money Machine
- \$5 Blackjack
- 10X Odds on Craps
- Tracy Lawrence & Justin Moore, January 16th
- Tournament of Champions – High School Basketball, January 23-25
- SPIAA League Tournament – High School Basketball, January 27 – February 1
- Upcoming Promotions and Events:
 - Leap Day Money Machine
 - NJCAA Basketball Championships, February 29 – March 3
 - Harlem Globetrotters, March 10
 - Fairytales on Ice, March 27
 - Jeff Dunham, April 3
 - Bridal & Women's Day Out Expo, April 19
 - Everclear with Fastball, April 25
- Responsible Gaming Report (July 1, 2019 – December 31, 2019):
 - 258 active employees
 - Hired 45 new employees
 - All new hires took TIPS (responsible alcohol service) and responsible gambling training during orientation
 - 27 existing employees recertified their TIPS training
 - 233 employees completed annual refresher training during the 4th quarter of 2019
 - 236 employees completed annual refresher training on responsible gambling during the 4th quarter of 2019
 - 3 certified TIPS trainers on property
 - Participated in Responsible Gaming Education Week September 16 – 20, 2019
 - 0 VEPs refused entry into the casino
 - 21 VEPs removed from the gaming floor
 - 55 intoxicated patrons refused entry to the gaming floor
 - 171 intoxicated patrons removed from the gaming floor
 - 450 minors refused entry to the gaming floor in 2019

LOTTERY GAMING
FACILITY
REPORTS/ITEMS; KANSAS
STAR
(E.2.a.)

- 3 minors removed from the gaming floor
- 645 patrons without ID refused entry to the gaming floor
- 333 patrons with invalid ID refused entry to the gaming floor

Jeff Babinski, Vice President and General Manager, reported:

- December 2019 revenue numbers compared to December 2018:
 - Admissions down 5.26%
 - Total gross gaming revenue up 1.47%
 - Slot coin-in down .78%
 - Slot hold up 0.15 points
 - Table games drop up 4.89%
 - Table games hold up 0.3 points
 - Poker room revenue up 3.57%
- January 2020 revenue numbers compared to January 2019:
 - Admissions up 6.2%
 - Total gross gaming revenue up 7.2%
 - Slot coin-in up 2.8%
 - Slot hold up 0.57
 - Table games drop up 14.5%
 - Table games hold down 0.98 points
 - Poker room revenue up 4.7%
- Past Events and Promotions:
 - Wichita Flea Market, November 30th and December 1st
 - Wichita Farm Show, December 5th – 7th
 - The Charlie Daniels Band, December 12th
 - Wichita Flea Market, December 21st and 22nd
 - New Year's Eve with Parmalee, December 31st
 - Wichita Flea Market, January 18th and 19th
 - Asian Variety Show, January 26th
 - Maize Battle of the Belt Wrestling Tournament, January 30th – February 2nd
 - \$100,000 credit card wipeout
 - Pick a Snowman Kiosk Game
 - Happy Holidays Scratch & Win
 - Rice cooker, tabletop heater, buffet warmer, Amazon gift cards, Canon printer giveaways
 - Asian Lunar New Year celebration

- Sponsor for every ECHL Wichita Thunder game
- Upcoming Events and Promotions:
 - Prom of the Ages, February 22nd
 - USA Wrestling District II, March 6th and 7th
 - Clint Black, March 13th
 - Wichita Flea Market, March 21st and 22nd
 - Rock of the 70s featuring Foghat, April 11th
 - Wichita Flea Market, April 18th and 19th
 - Marauders Car Show, April 25th
 - Air Supply, June 6th
 - Signed deal with Wichita Wind Surge, AAA ball team affiliated with Miami Marlins, 1st season starts this year
- Responsible Gaming Report (July 1, 2019 – December 31, 2019):
 - 811 active team members
 - Hired 137 new employees
 - All received training on responsible gaming, underage awareness, voluntary exclusion program, and alcohol awareness
 - Multiple departments also receive more intensive alcohol awareness training called ServSafe
 - ServSafe is three-hour course that requires passing a test with at least 75% score
 - 122 employees received ServSafe training
 - 12 employees failed and must retake the course
 - 1 ServSafe trainer
 - 3 responsible gaming trainers
 - Casino spent \$540 on responsible gaming materials; \$2,424.88 on ServSafe training manuals
 - Participated in Responsible Gaming Education Week
 - All employees wore responsible gaming buttons during the week
 - Responsible gaming messages were displayed in employee dining room
 - Responsible gaming education week quiz drawing where three employees names were pulled and won prizes, including camp chairs, insulated cooker, small tent
 - 185 underage individuals refused entry to gaming floor
 - 3 underage individuals removed from gaming floor

- 703 patrons without ID refused entry to gaming floor
- 451 patrons with invalid ID refused entry to gaming floor
- 138 intoxicated patrons refused entry to gaming floor
- 187 intoxicated patrons removed from gaming floor
- 4 VEPs refused access to gaming floor
- 10 VEPs removed from gaming floor
- 184 patrons removed from gaming floor for a variety of other reasons
- 1,059,945 patrons entered gaming floor
- 116,198 patron IDs checked by security employees
- 64 ID checks for suspected underage individuals
- Agreed to be a sponsor of 2020 Problem Gambling Conference and contributed \$1,500.00

LOTTERY GAMING
FACILITY
REPORTS/ITEMS;
HOLLYWOOD CASINO AT
KANSAS SPEEDWAY
(E.3.a.)

Rick Skinner, Vice President and General Manager, reported:

- December 2019 revenue numbers compared to December 2018:
 - Admissions up 3.5%
 - Total gaming revenue was \$13.7 million, a decrease of 0.9%
 - Slot revenue was \$11.97 million, an increase of 0.6%
 - Table games revenue was \$1.7 million, a decrease of 10.4%
- January 2020 revenue numbers compared to January 2019:
 - Admissions up 9.1%
 - Total gaming revenue was \$11.9 million, an increase of 5.4%
 - Slot revenue was \$10.8 million, an increase of 8.8%
 - Table games revenue was \$1.0 million, a decrease of 20.2%
- Past Events and Promotions:
 - Topsy's Popcorn Giveaway, December 6th
 - Winners Party, December 7th
 - Drop and Win, December 13th
 - Raid the Workshop Giveaway, December 14th
 - Tippin's Pie Giveaway, December 21st
 - \$20,000 Crazy 8s and \$250,000 Pick, Pull & Win, December 27th
 - \$75,000 Winners Party, December 28th

- New Year's Eve Party and Drawing, December 31st
- VIP High Limit Pull Party, January 18th
- Blizzards of Cash, January 25th
- Upcoming Events and Promotions:
 - Hot Penny Slot Jackpots, all of February
 - Winners Giveaway, February 15th
 - Mardi Gras Bash for Cash, February 22nd
 - Mychoice Millionaire Slot Tournament, February 28th
- Responsible Gaming Report (July 1, 2019 – December 31, 2019):
 - 602 active employees
 - 150 employees hired
 - All employees received TiPS (alcohol awareness) and responsible gaming training
 - 99 of 150 received more extensive TiPS training and successfully completed the course
 - 18 existing employees received refresher TiPS training
 - 7 certified TiPS trainers
 - All active employees received responsible gaming refresher training during 4th quarter of 2019
 - 214 minors refused entry to gaming floor
 - 6 minors removed from gaming floor
 - 325 intoxicated patrons either refused entry or removed from gaming floor
 - 11 VEPs removed from gaming floor

LOTTERY GAMING
FACILITY
REPORTS/ITEMS; KANSAS
CROSSING CASINO
(E.4.a.)

Doug Fisher is resigning as General Manager of Kansas Crossing Casino and is taking the general manager position at Hard Rock Hotel & Casino in Sioux City, Iowa. The new General Manager, Jeff McCain, reported:

- December 2019 revenue numbers compared to December 2018:
 - Admissions decreased 3.6%
 - Net slot revenue increased 2.8%
 - Table games revenue decreased 23.7%
 - Net gaming revenue increased 1%
- January 2020 revenue numbers compared to January 2019:
 - Admissions increased 8.4%
 - Net slot revenue increased 10.3%
 - Table games revenue decreased 3.0%

- Net gaming revenue increased 9.3%
- Past Events and Promotions:
 - Camp 49 Events, December 4th, 11th, and 18th
 - Gene Watson, December 6th
 - Dirt Devil Stick Vacuum giveaway, December 14th
 - Holiday Rock Hits with Crawford County Philharmonic, December 14th
 - Weekly Slot Tournament Finals, top prize was \$10,000, December 19th
 - Amazon gift card giveaway, December 21st
 - \$28,000 Stocking Re-stuffer, December 28th
 - \$20k for 2020, 1 winner per hour, won \$2,020
 - Win Free Slot Play for a Year, December 31st
 - New Year's Day PJ Brunch Buffet in Two Brothers Mining Company
 - XWE Wrestling, January 4th
 - Great White, January 18th
 - Blackjack tournament, January 18th
 - Red Envelope Drawing, Midnight Cheese Buffet in Two Brothers Mining Company, January 24th
 - Rock, Paper, Scissors. . . Explorer. 32 players club members played rock, paper, scissors for the prize of a Ford Explorer, January 25th
 - Bliss Bed Pillows giveaway, January 31st
 - Bulova Watch, Sherpa throws giveaway
- Upcoming Events and Promotions:
 - Make It a Double Slot Tournament, February 15th
 - Nested mixing bowl set giveaway, February 22nd
 - Leap into a Heap of Cash \$50,000 Giveaway
 - Live matinee of Tribute to the Stars, Wednesdays
 - Heartbreak Smash and Grab, Fridays
 - Clash of the Champions 1, February 22nd
 - Colt Ford, February 28th
 - Hairball, February 29th
 - Little Texas, March 7th
 - LOL Comedy Club, Thursdays
- Responsible Gaming Report (July 1, 2019 – December 31, 2019):
 - 246 active employees
 - 71 new employees

- 156 employees require CARE (Controlling Alcohol Risks Effectively) Training
- 151 have been certified
- 5 are pending certification
- 9 CARE trainers
- All employees received responsible gaming training in 2019
- Compliance Officer Shannon Tarvin attends the Southeast Kansas Problem Gambling Taskforce monthly meetings
- Participated in Responsible Gambling Education Week
- Had activities and materials for employees to increase knowledge of importance of responsible gambling for casino and community
- Employees wore Responsible Gambling Awareness buttons
- 109 minors refused entry to gaming floor
- 1 minor removed from gaming floor
- 19 impaired patrons refused entry to gaming floor
- 66 impaired patrons removed from gaming floor
- 3 VEPs refused entry or removed from gaming floor
- 654 patrons without IDs refused entry to gaming floor
- 106 patrons with invalid IDs refused entry to gaming floor

COMMISSION ITEMS –
OLD BUSINESS
(F.)

Role Call Vote for the final approval of amendments to K.A.R. 112-105-1:

Chairman Brandon Jones: Aye

Commissioner David Moses: Aye

Commissioner Larry Turnquist: Aye

Commissioner Dave Myres: Aye

Commissioner Kelly Kultala: Aye

Motion to approve amendment to K.A.R. 112-105-1 carried unanimously.

COMMISSION ITEMS –
NEW BUSINESS
(G.)

There were no new business items.

PUBLIC COMMENTS
(H.)

There were no public comments.

STAFF REPORTS
(1.1.a. and 1.2)

Michelle Neis, Enforcement Attorney, reported on the Voluntary Exclusion Program statistics for the months of December 2019, January 2020, and the calendar year of 2019.

- \$31,097.96 was seized from 26 VEPs found in the casinos and deposited into the Problem Gambling and Other Addictions Grant Fund.
- 328 calls were received related to the Voluntary Exclusion Program.
- 264 people enrolled in the program.
- 128 removal packets were mailed to VEPs who requested to remove themselves from the program, 56 participants were successfully removed from the program.

Executive Director Brownlee reported:

- Department of Administration has authorized the Kansas Debt Set Off program to be used in 3 of the 4 casinos, the amended internal controls to implement the program will likely be on the agenda for the March Commission meeting.
- Oklahoma tribes and governor are disputing the gaming compacts. Governor asserts the compacts have expired and three tribes have sued. Judge has ordered the parties into mediation.
- National Indian Gaming Commission published document that states under IGRA, sports wagering is a class 3 game meaning tribes must have a compact with the state and approval from Department of Interior.
- The Circus Circus Casino in Las Vegas was purchased by Phil Ruffin, who owns the three non-operating racetracks in Kansas.
- Brownlee provided an overview of the agency to the legislature on January 15.
- Governor Laura Kelly recommended the KRGC's budget as proposed by the agency. Budget hearings have occurred for both the house and senate. If the finance committees approve, the budget will be voted on by the full legislative body.
- There were several sports wagering bills that were held over from last legislative session but none seem likely

to pass. A new sports wagering bill, Senate Bill 283, was introduced in the Senate. A hearing was held and the committee has proposed multiple amendments to the bill, which gives the bulk of regulation of sports wagering to the Kansas Lottery. KRGC would have responsibility for background investigations, responsible gambling, advertising approvals, and any investigations into suspected improprieties.

- SB 283 changes KELA ownership background threshold from 0.5% to 5%, which is considered the industry standard. The 0.5% Kansas threshold is an anomaly. SB 283 establishes a white collar crime fund and would direct \$750,000 annually to that fund. At least \$400,000 would be used by KRGC to investigate sports betting and illegal gambling. Proposed amendment to the bill would give \$800,000 to the Horse Fair Racing Benefit Fund to provide money to Eureka Downs in an attempt to reopen that racetrack. Another amendment would designate 1/3 of the revenue to a scholarship fund that would be administered by the Board of Regents for students enrolled in programs related to white collar crime and information technology.
- House Bill 2671 was introduced February 13, 2020, and has the Kansas Lottery regulating most of sports wagering except the KRGC would background sports wagering providers and their employees. Up to 1,200 retailers could be authorized by the Kansas Lottery to offer sports wagering.
- Two sports wagering bills have been filed in Missouri, and a legislative proposal was made to authorize another casino in the Lake of the Ozarks area.
- A sports wagering bill has been introduced in Nebraska. The bill would declare that sports betting, poker, and fantasy sports are skill-based games and therefore legal. So far, opponents have far outweighed proponents of the bill.
- Sports wagering has a relatively small profit margin. Example: in Nevada, \$155 million was wagered on the

Super Bowl and the casinos kept \$19 million which is a 12% profit margin.

- Union Gaming, a gaming consulting company that was used by the Kansas Lottery Gaming Facility Review Board during the casino selection process, estimates that illegal betting sites are taking in up to \$150 billion each year. In the USA, thirteen jurisdictions currently allow sports wagering. Union Gaming predicts that another 11 jurisdictions will legalize sports wagering by the end of 2020. They do not list Kansas as one of those jurisdictions. They estimate \$35 billion in sports bets will be placed in 2021, resulting in jurisdictions receiving \$2.5 billion. In 2025, 43 states will offer sports wagering, and revenue will increase to approximately \$9 billion.
- The March 13, 2020 commission meeting will take place in Topeka at 10:00 a.m.

MOTION, EXECUTIVE
SESSION; ATTORNEY-
CLIENT PRIVILEGE AND
BACKGROUND REPORTS
(J.1, J.2)

Commissioner Myres (Turnquist) moved that the Commission go into executive session for the purpose of confidential attorney-client privileged communications and reviewing the list of confidential backgrounds for licensing. In addition to the commissioners, those included in the executive sessions were the executive director and general counsel for attorney-client privilege and the commissioners, executive director, general counsel, and director of security for reviewing the list of confidential backgrounds for licensing. The total time for the executive session was anticipated to be thirty minutes until 11:30 a.m. No action is to be taken in executive session, and the subjects discussed are to be limited as previously described. A full record of this motion is to be maintained as part of the permanent record of the Kansas Racing and Gaming Commission. At the conclusion of the executive session, the meeting is to be continued in open session. The motion carried unanimously and the meeting was adjourned to executive session at 11:00 a.m.

RECONVENE

The commission meeting returned to open session at 11:30 a.m. with all members present.

MOTIONS ON LICENSE
APPLICATIONS
(K.)

Commissioner Turnquist (Myres) moved to *deny* 3 license applications, *conditionally approve* 3 license applications, *table* 1 license application, and *approve* the remaining 348 license

applications from the February 14, 2020 list of background reports referred to the commission for action. Motion carried unanimously.

OTHER BUSINESS
(K.)

No other business.

ADJOURN
(L.)

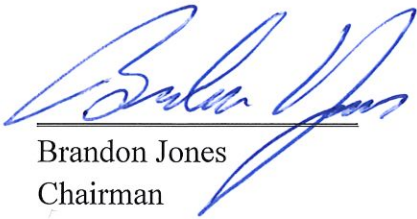
The next meeting of the commission is on March 13, 2020 at 10:00 a.m. in Topeka, KS. Commissioner Moses (Kultala) moved to adjourn the meeting. Motion carried unanimously. The meeting was adjourned at 11:35 a.m.

SUBMITTED BY:



Larry Turnquist
Secretary

APPROVED BY:



Brandon Jones
Chairman